



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

June 4, 1999

Harvard Petroleum Corporation
P.O. Box 936
Roswell, New Mexico 88201
Attention: H. Lee Harvard, President

Telefax No. (505) 622-8006

Administrative Order NSL-4301

Dear Mr. Harvard:

Reference is made to the following: (i) your application dated May 21, 1999; (ii) your letter dated June 1, 1999 with supplemental information attached; and (iii) the records of the New Mexico Oil Conservation Division ("Division") in Santa Fe including the file in Case No. 12104; all concerning Harvard Petroleum Corporation's ("Harvard") request for an exception to Rule 2(b) of the "*General Rules and Regulations for the Associated Oil and Gas Pools of Northwest and Southeast New Mexico/Special Rules and Regulations for the Bluitt-San Andres Associated Pool*," as promulgated by Division Order No. R-5353, as amended, in order to drill its proposed Williams Well No. 1 at an unorthodox gas well location 660 feet from the South line and 1650 feet from the West line (Unit N) of Section 5, Township 8 South, Range 37 East, NMPM, Roosevelt County, New Mexico, which was the subject of Division Order No. R-11149-A, issued on May 25, 1999 in Case No. 12104.

As previously authorized by Division Order R-11149-A, Lots 3 and 4, the S/2 NW/4, and the SW/4 (W/2 equivalent) of Section 5, being a standard 319.09-acre gas spacing and proration unit within the Bluitt-San Andres Associated Pool, is to be dedicated to this well should it be successfully completed as a gas well within the San Andres formation.

Harvard's geologic interpretation of the San Andres formation within this area indicates that the proposed location will be at a more favorable geologic position within the San Andres formation underlying the subject 319.09-acre tract.

The subject application has been duly filed under the provisions of Division Rule 104.F and the applicable provisions of the rules governing the Bluitt-San Andres Associated Pool.

By the authority granted me under the provisions of: (i) Rule 2(c) of these special pool rules; and (ii) Division Rule 104.F(2), the unorthodox gas well location of Harvard's proposed Williams Well No. 1 within this 319.09-acre gas spacing and proration unit for the Bluitt-San Andres Associated Pool is hereby approved.

Further, Harvard will assure that the proposed Williams Well No. 1 and 319.09-acre gas spacing and proration unit within the Bluitt-San Andres Associated Pool operate in accordance to

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all existing rules, regulations, policies, and procedures applicable to the Associated Oil and Gas Pools and to the Bluit-San Andres Associated Pool.

Furthermore, should Harvard complete the Williams Well No. 1 as an oil well within the Bluit-San Andres Associated Pool, it will be necessary for Harvard to amend this application and submit any required notification in order to assure that the correlative rights of all mineral interest owners of off-setting oil bearing properties are adequately protected.

Sincerely,

A handwritten signature in black ink, appearing to read "Lori Wrotenbery" followed by a stylized flourish or set of initials.

Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs
U. S. Bureau of Land Management - Roswell
William F. Carr, Legal Counsel for Harvard Petroleum Corporation - Santa Fe
File: Case No. 12104

ELF
ABOVE DATE DOES NOT
INDICATE WHEN
CONFIDENTIAL LOGS
WILL BE RELEASED